

C O U N C I L C O M M U N I C A T O N

TO: THE CITY COUNCIL
FROM: THE CITY MANAGER'S OFFICE

COUNCIL MEETING DATE
May 4, 1988

SUBJECT: APPROVE AGREEMENT WITH SEIDLER-FITZGERALD PUBLIC FINANCE TO PROVIDE FINANCIAL SERVICES AND APPROVE AGREEMENT WITH JONES HALL HILL AND WHITE TO PROVIDE LEGAL SERVICES ASSOCIATED WITH THE 230 KV-INTERCONNECTION PROJECT.

PREPARED BY: City Manager

RECOMMENDED ACTION: That the City Council adopt Resolution No. 88-63 authorizing the approval of agreements for financial services with Seidler-Fitzgerald Public Finance, and legal services with Jones Hall Hill and White associated with the 230-KV Interconnection project.

BACKGROUND INFORMATION: At the "Shirtsleeve" session of April 26, 1988, the City Council heard presentations from Mr. John Fitzgerald, of the finance consulting firm of Seidler-Fitzgerald Public Finance, and Mr. Brian Quint, of the law firm of Jones Hall Hill and White concerning certain services each would provide in regard to the proposed 230-KV Interconnection project. Attached (Exhibit A) is a copy of the resolution authorizing City Council approval of these agreements. Also attached (Exhibit B and C) are copies of the agreements themselves. Both agreements are standard for these kinds of professional services. The fee for financial services will be in the vicinity of \$112,500. The fee for legal services will be approximately \$45,000. The payment of these fees are included in total amount of the Certificates of Participation to be sold and is included in the estimated issuance cost of \$200,000 as presented.

The issuance cost will represent only about 2% of what will be the total issue. Combined with the 1% discount rate, this results in a total issuance cost/discount rate of approximately 3% of the issue. This is the result of the unusual strength of this electric utility issue. This compares with the normal total cost in this area of 5-6%, which is probably what we can look to at the time of the financing of the White Slough wastewater treatment plant expansion.

Respectfully submitted,



Thomas A. Peterson
City Manager

TAP :br

Attachments

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CITY OF LODI

RESOLUTION NO. 88-63

A RESOLUTION APPOINTING SPECIAL LEGAL COUNSEL AND
A FINANCIAL ADVISOR, APPROVING, AUTHORIZING AND
DIRECTING EXECUTION OF AN AGREEMENT FOR LEGAL
SERVICES, AND AN AGREEMENT FOR FINANCIAL ADVISORY
SERVICES ALL IN CONNECTION WITH THE PROPOSED 1988
ELECTRIC SYSTEM DIRECT INTERCONNECTION PROJECT

WHEREAS, the City of Lodi (the "City") plans to finance the construction of certain improvements to its municipal electric system by entering into such agreements as may be necessary and to authorize the execution, delivery and sale of certificates of participation in payments to be made under such agreements, and it is desirable to appoint special legal counsel and a financial advisor in connection therewith;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Lodi, as follows:

Section 7. The law firm of Jones Hall Hill & White, A Professional Law Corporation, San Francisco, California ("Jones Hall") is hereby appointed to act as special legal counsel in connection with said financing proceedings.

Section 2. That certain Agreement for Legal Services by and between the City and Jones Hall for special legal services in connection with said financing proceedings, a copy of which is on file with the City Clerk, is hereby approved. The Mayor, the City Manager or the Finance Director is hereby authorized and directed in the name and on behalf of the City to execute said Agreement and the City Clerk is hereby authorized and directed to attest to such official's signature.

Section 3. The firm of Seidler-Fitzgerald Public Finance, Los Angeles, California ("Seidler-Fitzgerald") is hereby appointed to act as financial advisor to the City in connection with said financing proceedings.

Section 4. That certain Agreement for Financial Advisory Services by and between the City and Seidler-Fitzgerald for financial advisory services in connection with said financing proceedings, a copy of which is on file with the City Clerk, is hereby approved. The Mayor, the City Manager or the Finance Director is hereby authorized and directed in the name and OR behalf of the City to execute said Agreement and the City Clerk is hereby authorized and directed to attest to such official's signature.

Section 5. Appropriate officers of the City are hereby authorized and directed, in association with Jones Hall and with Seidler-Fitzgerald, to take such actions and to

prepare such documents as shall be necessary and appropriate in connection with such financing proceedings.

Section 6. This Resolution shall take effect upon its adoption by this City Council.

* * * * *

I hereby certify that the foregoing resolution was duly adopted at a meeting of the City Council of the City of Lodi duly held on the 4th day of May, 1988, by the following vote:

AYES, and in favor of, Councilmembers:	Hinchman, Olson, Reid & Snider (Mayor Pro Tempore)
NOES, Councilmembers:	None
ABSENT, Councilmembers:	Pinkerton

CITY OF LODI

John R. Snider
Mayor Pro Tempore

[S E A L]

ATTEST:

Alice M. Bumsche
City Clerk

Approved as to Form:

BW McNatt
Bobby W. McNatt
City Attorney

**AGREEMENT FOR LEGAL SERVICES
(1988 Electric System Improvement Project)**

THIS AGREEMENT FOR LEGAL SERVICES is made and entered into this 4th day of May, 1988, by and between the CITY OF LODI, CALIFORNIA (the "City"), and JONES HALL HILL & WHITE, A PROFESSIONAL LAW CORPORATION, San Francisco, California ("Attorneys").

W I T N E S S E T H:

WHEREAS, the City proposes to finance the construction of certain improvements to its electric system by entering into such agreements as may be necessary and to authorize the execution, delivery and sale of certificates of participation in payments to be made under such agreements (the "Certificates"); and

WHEREAS, the City has determined that Attorneys are specially trained and experienced to provide services for the financing and the execution and delivery of the Certificates; and

WHEREAS, the public interest, economy and general welfare will be served by this Agreement for Legal Services;

NOW, THEREFORE, IT IS HEREBY AGREED, as follows:

1. Duties of Attorneys. Attorneys shall provide legal services in connection with the authorization, issuance and consummation of the financing proceedings relating to execution and delivery of the Certificates. Such services shall include the following:

a. Confer and consult with the officers and administrative staff of the City as to matters relating to the financing proceedings;

b. Attend all meetings of the City Council and any administrative meetings at which any financing proceedings relating to the Certificates are to be discussed, deemed necessary by Attorneys for the proper planning of the financing proceedings or when specifically requested to attend;

c. Prepare any required installment sale agreements, trust agreements, assignment agreements, agency agreements, amendments to existing financing documents, indentures, ordinances and all resolutions, notices and legal documents necessary for the proper conduct of the financing proceedings relating to the execution and delivery of the Certificates;

d. Review all financial documents for legal sufficiency;

e. Review, without undertaking an independent investigation, any official statement or other disclosure document prepared in connection with the financing proceedings to assure correctness of disclosure relating to the legal documents;

f. Prepare and provide a signature and no-litigation certificate, an arbitrage certificate and any and all other closing documents required to accompany delivery of the Certificates;

g. Prepare and provide a complete transcript of the conduct of the proceedings necessary to accompany delivery of the Certificates;

h. Subject to the completion of proceedings to the satisfaction of Attorneys, provide the legal opinion of Attorneys that the interest due with respect to the Certificates is excludable from gross income for purposes of federal income taxation **and** that such interest is exempt from California personal income taxation;

i. Subject to the completion of proceedings to the satisfaction of Attorneys, provide the legal opinion of Attorneys approving in all regards the legality of all proceedings relating to the execution and delivery of the Certificates; and

j. Confer and consult with City officials and agents with regard to problems which may arise during the servicing and payment of principal and interest due with respect to the Certificates.

2. Compensation. For the services set forth under Section 1, Attorneys shall be paid the percentage compensation set forth below:

a. One percent (1%) of the principal amount of the Certificates to a principal amount of \$1,000,000 (with a minimum fee of \$15,000 in the event of issuance of a principal amount of less than \$1,000,000), plus;

b. One-half percent (1/2%) of the principal amount of the Certificates in excess of \$1,000,000, but less than or equal to \$5,000,000, plus;

c. One-quarter percent (1/4%) of the principal amount of the Certificates in excess of \$5,000,000, but less than or equal to \$10,000,000, plus;

d. One-eighth percent (1/8%) of the principal amount of the Certificates in excess of \$10,000,000, but less than or equal to \$20,000,000, plus;

e. One-sixteenth percent (1/16%) of the principal amount of the Certificates in excess of \$20,000,000.

In addition, Attorneys shall **be** reimbursed for any costs advanced **by** Attorneys on behalf of the City, including delivery and messenger services, closing costs, duplication costs, transcript binding costs and expenses for travel outside the State of California, if any, **but** specifically excluding travel expenses within the State of California.

Payment of said fees and expenses shall be entirely contingent. shall be due and payable upon the delivery of the Certificates and shall be payable solely from the proceeds of the Certificates or other available moneys of the City.

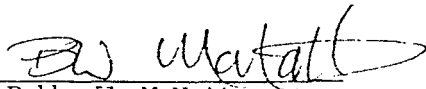
3. Exceptions. Any services rendered in any litigation involving the City or the financing proceedings relating to the Certificates are excepted from the services to be rendered for the above compensation. For such services which Attorneys are directed to render for and on behalf of the City, compensation shall be on the basis of reasonable fees to be agreed upon by the City and Attorneys.

4. Termination of Agreement. This Agreement for Legal Services shall be indefinite as to term but may be terminated at any time by the City, with or without cause, upon ninety (90) days' written notice to Attorneys. In the event of such termination, all finished and unfinished documents shall, at the option of the City, become its property and shall be delivered by Attorneys.


IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

Approved as to Form:

CITY OF LODI, CALIFORNIA




Bobby W. McNatt
City Attorney

By 

Title John R. (Randy) Snider
Mayor Pro Tempore

Attest 
City Clerk

JONES HALL HILL & WHITE,
A Professional Law Corporation

By 
Brian D. Quint

23319

A G R E E M E N T

THIS AGREEMENT is made and entered into this 4th day
of May, 1988, by and between the

CITY OF LODI, a political subdivision of the
State of California, hereinafter referred to as
"CITY,"

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SEIDLER-FITZGERALD PUBLIC FINANCE, a division of
SEIDLER AMDEC SECURITIES INC., hereinafter referred
to as "ADVISOR."

W I T N E S S E T H :

WHEREAS, CITY has determined it will be necessary to
issue Certificates of Participation (COP) in the amount of
approximately \$9,000,000 to construct an Electrical Transmission
Line, Substation and Transformer; and

WHEREAS, it is necessary for CITY to employ a financial
advisor to aid in the preparation of the COP issue; and

WHEREAS, ADVISOR is qualified to Serve as financial
advisor to assist CITY with the proposed issuance of the COP's to
finance said plant expansion; and

WHEREAS, it is in the best interest of CITY to hire
ADVISOR.

NOW, THEREFORE, FOR AND IN CONSIDERATION OF THE MUTUAL
PROMISES, COVENANTS AND CONDITIONS HEREIN CONTAINED, THE PARTIES
HERETO AGREE AS FOLLOWS:

- A. The services of ADVISOR shall consist of the following:
1. Together with the CITY, bond counsel, trustee,
outside auditor, technical consultants and advisory groups,

develop a financing plan consistent with the goals and objectives established by the CITY.

2. Upon request of the CITY, participate in any contract negotiations with the private sector participants related to a financing to assure contracts that will bear up under investor scrutiny.

3. Size the issue taking into account project costs, including any architect and engineering fees, interest during construction, accounting costs, rating fee and other cost of issuance items while minimizing the principal amount.

4. Explore possible use of insurance to replace a COP reserve-fund.

5. In cooperation with bond counsel, review all documents necessary to implement the proposed financing plan, including the supportive documents providing security to the individual financing form.

6. Structure those terms and conditions such as maturities, coupon rates, call features and security features for the COP issue which most advantageously meet demands of current market conditions and meet the objectives of the CITY and ensure the lowest possible net interest cost.

7. Provide technical support in defining disclosure issues necessary to meet GFOA guidelines.

8. Develop and write official statement for the competitive sale of necessary certificates of participation.

9. Assist bond counsel with the preparation of the notice of sale and resolution of issuance.

10. Explore possibility and benefits of insuring the issue.
11. Assist with marketing the CITY's issue, including obtaining the best rating possible from the rating agencies and arranging rating agency trips if necessary.
12. Participate on behalf of the CITY in meetings and negotiations with bond rating agencies or municipal bond insurance firms, as necessary.
13. Arrange for the printing of the preliminary and final official statements.
14. Advise the CITY on the timing of the sale in relation to the market conditions and financing needs, to ensure maximum savings.
15. Continuously monitor the tax-exempt market and keep the CITY apprised of market movements, trends and developments.
16. Organize and participate in information meetings, if needed, to create investor interest in the COP issue for strong competitive bidding.
17. Attend the public opening of proposals submitted for the purchase, evaluate the bids, and assist with tabulation and award of the bids submitted.
18. Arrange for distribution of the final official statements to members of the winning syndicate.
19. Arrange for the printing, and assist in the signing and delivery.

20. Advise as to the best method of investing the proceeds of the sale.

21. Create in the market a continuing demand for subsequent issues that will be marketed from time to time.

22. Maintain a continuity of representation at all meetings of the issue which involve discussion of the transactions, as well as representation at working group meetings.

23. Mr. John C. Fitzgerald, or such other officer of ADVISOR as is approved by CITY, shall be available to advise CITY and attend meetings where needed.

B. For and in consideration of the services to be performed hereunder, CITY shall pay to ADVISOR, and ADVISOR shall accept from CITY, a fee of 1.25 percent of the gross project cost plus out-of-pocket expenses not exceeding \$5,000 relating to travel, including a rating agency trip to New York City, if needed, which sum shall become due and payable to ADVISOR only if, and when, the hereinabove described COP issue is sold and the proceeds received therefrom. If, for any reason, said COP issue does not sell, ADVISOR shall receive no fee whatsoever..

CITY shall pay and be responsible for the following costs incident to the COP issue:

1. Bond counsel fees and expenses.
2. First Year Trustee Fee, including the first year's administration fee, acceptance fee and out-of-pocket expenses.
3. Printing costs of Preliminary and Final Official Statements and Notice of Sale.

4. Printing costs of the COP's.
5. Rating fee for Moody's Investors Service.
6. Rating fee for Standard & Poor's Corporation
7. Consent letter from outside auditor.
8. Title Insurance, if needed.
9. Overlapping Debt Statement.
10. Publishing the sale.

IN WITNESS WHEREOF, the parties hereof have executed
this Agreement on the day and year first hereinabove written.

CITY OF LODI, a political
subdivision of the State of
California

Attest: Alice M. Reimche
Alice M. Reimche
City Clerk

By John R. Snider
John R. (Randy) Snider
Mayor Pro Tempore

SEIDLER-FITZGERALD PUBLIC FINANCE
(a division of SEIDLER AMDEC
SECURITIES INC.)

By [Signature]

Approved as to **form**:

BW McNatt
Bobby W. McNatt
City Attorney